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THE NEW ECONOMIC POLICY IN HUNGARY

Szabad Nep
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The decision of June 1953 is a historical one for our party and our people. We frankly concede that the people's confidence in the party has been declining since 1945. Party policies should always reflect the will, rights, and aspirations of the people.

Although our party was seeking, as always, to raise the living standards of the people, the Second Congress of the Hungarian Workers Party in 1951 made a grave mistake in resolving to make Hungary "a country of iron and steel." The original Five-Year Plan called for an industrial investment of 20 percent of the national income, but in implementing the augmented Five-Year Plan of the Second Congress our industrial investment was trebled, whereas the national income increased only by 24-26 percent. Over half of the national income was poured into industrial development, but despite a constantly rising production there were fewer and fewer consumer goods for the working people. Excessive industrialization required us to forego more food and clothing and, most important of all, the expansion of agricultural production. By the end of 1951, it became apparent that the augmented Five-Year Plan was unrealistic.

Our party's first mistake was overindustrialization. Its second mistake was failure to provide the necessary money, machinery, and pricing system for the expansion of agricultural production. Instead, it sought to force an increase in agricultural production by means of administrative devices, thereby allowing collecting and distributing enterprises and other bureaucratic organizations to proliferate.

In June 1953, our party recognized these errors. After rigorous self-criticism it announced the new economic policy, which is designed to raise living standards by balancing agricultural and industrial production on a realistic economic basis.

Unfortunately, certain economic leaders cannot or will not understand the new policy. They are unable to put their hearts into the production of small farm machinery, household articles, and other prosaic items, in lieu of heavy machinery. Many of them sincerely believe that the old policy should be continued and that by depressing the standard of living of the workers and peasants for 2 or 3 years, a production balance gradually can be achieved.

Our primary goal is to establish a balance between agriculture and industry, but this is to be done by the economical use of our raw materials and facilities, rather than by an overextended use of them. Industry will continue to expand, but only at a rate proportional to agricultural expansion and to a rise in the standard of living for all. The industrial expansion, however, will not be just in metallurgy and the machine industries, but in all industries, including the chemical, light, and food industries. Everyone must do his utmost to attain this goal, and those who were persecuted for defending their economic concepts must be rehabilitated.

In agriculture, several hitherto neglected problems -- particularly those concerning the law of value, such as the providing of adequate financial incentives for producers -- must be solved as soon as possible. This task is especially difficult because of the preponderance of small, varied commodities in the agricultural field. The key to accomplishing the task is a continuous

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strengthening of the cooperatives of independent peasants and of the producer cooperatives. The Central Committee believes that this can best be done by encouraging the sale of surplus farm products (products remaining after the fulfillment of surrender obligations) on the free markets of the cities and villages.

It must be clearly understood that a rise in the living standards of the peasantry is a prerequisite for a rise in the living standards of the workers. In order that more, better, and cheaper agricultural products be marketed, the income of the peasants must be increased. The peasants, however, must utilize a significant part of their increased income for investments, including the purchase of farm implements and the construction of farm installations.

It is, therefore, the duty of light industry to assure the peasants of an adequate supply of machinery and materials. In those areas where state industries cannot supply the necessary materials, local industry should make them available on the free market.

In its October session the Central Committee studied all these problems and made decisions of historical significance. It is now our duty to cooperate wholeheartedly in the realization of the government program.

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